

Footing the Bill: Funding a Board

Who should foot the bill, and how should it be paid? Should the public in general assume major responsibility through federal, state, and local governments. Should the owners of properties benefiting from seismic safety programs contribute? Should the costs be met in other ways? These are legitimate questions that need to be dealt with.

Initially, the seismic safety advisory board should secure funding for its establishment and operating expenses and thereafter acquire funding for its earthquake risk management activities. Because public funds always seem to be in short supply, seismic safety should be recognized as a public priority so that sufficient funds can be allocated and standby devices employed to help raise additional money as needed. Equity would suggest that costs generally be prorated among those benefiting. Sometimes the public as a whole should pay the bill, sometimes the user or owner of the property should bear the main financial burden for seismic safety, and sometimes the costs should be shared.

Earthquake dangers are seldom immediately threatening—until an earthquake strikes. As long as things remain quiet seismically, public and private motivations focus on more immediate problems. Nevertheless, progress can be made, given a strong commitment, sustained effort, and a realistic plan for financing what needs to be done.

Federal Funds

One avenue of financing is grants or federal matching funds from agencies such as the Federal Emergency Management Agency. Although state and local governments often have to provide a certain amount of match

money to secure federal funding, matching funds can substantially defray the cost of establishing and operating a board.

Typically there are cost-sharing requirements as a condition of receiving such funds. The most current regulations will always be found in the Code of Federal Regulations (44 CFR 361).

State General Funds

If a seismic safety advisory board is a governmental entity, fairness may dictate paying the costs of its operations and risk management activities benefiting the general public out of government's general fund. In this age of great mobility, virtually everyone is at some time in earthquake-prone territory or economically dependent on the survival and normal functioning of communities that are either located in earthquake areas or vulnerable to damage to transportation, power, and other lifeline systems that traverse earthquake-prone areas.

Inasmuch as the public will benefit directly and demonstrably from the board's operations, financial support from general fund sources is justified and should be pursued. Moreover, if state government requires local governments to establish seismic risk management programs, economic necessity may dictate that at least a portion of their costs be met from the state's general fund.

Special Assessments

An alternative way to finance a board's activities is to assess a fee or surcharge on regulated activities that will benefit from the board's operations. This would shift a portion of the cost of the

board to property owners and facility users. Devices to generate funding can use an existing collection mechanism, and should not be so burdensome as to provoke a public outcry. For example, a surcharge of less than a dollar on an existing collection mechanism, such as building permits could finance the portion of the board's staffing and operations costs focusing on potentially hazardous buildings.

Surcharges, seismic safety assessments, or fees might be set on a sliding scale. Projects involving greater seismic risks would contribute more. It should be noted, however, that special assessments, surcharges, and fees could, if necessary, be partially offset by general tax funds, inasmuch as the public benefits from measures that will reduce the loss of life, the number of injuries, and economic disruption. Some of the earthquake-related regulatory activities that could be subjected to a seismic safety assessment, fee, or surcharge might include the following:

- *Occupancy and Use Permits*—Depending on the size and composition of an area's building stock, a very small surcharge levied on all properties considered potentially hazardous at the time of transfer, change in occupancy or permitted use, or renewal of licensed use can generate enough revenue to staff and operate an effective board. A fee could be charged on admission prices to places of public assembly to support the board's activities related to reducing seismic hazards in places that have a high potential for deaths or injuries in an earthquake.
- *Building Permits*—A very small assessment, surcharge, or fee could be absorbed as a part of costs for each building permit (commercial or residential).
- *Special Fees in Earthquake Hazard Zones*—A board's hazard-reduction activities will have broad benefits to the public as a whole, justifying special fees or surcharges on all new subdivisions or buildings planned for

property within designated earthquake hazard zones.

- *Utilities*—A seismic safety fee of only pennies on utility bills (telephone, energy, water, or sewer service) to pay for hazard-reduction activities for these lifelines seems justifiable.

Bond Issues

State and local governments typically use general obligation bonds and revenue bonds to make long-term capital improvements in buildings, highways, and other elements of their infrastructure. Although bond measures are not generally used to fund the day-to-day operations of governmental agencies, a board should attempt to acquire an allocation of a very small percentage (typically less than 2 percent) of any bond fund proposal to ensure that the projects funded with bond money incorporate seismic safety concerns. The suggested allocation would enable the board to evaluate and monitor the seismic safety of bond-financed programs.

Other Sources

A seismic safety advisory board should have the authority to accept grants, contributions, and appropriations from other public agencies, private foundations, or individuals to finance its staff and operations. Corporate grants have been made to existing boards and should not be overlooked as a source of funding. To facilitate use of these funds, the board should be empowered to enter into interagency agreements and contracts to act cooperatively with other governmental agencies, private scientific, educational, or professional associations, or foundations engaged in promoting seismic safety.

An alternative to cash funding might be contribution of in-kind services, such as legal, engineering, or other professional services. Needed equipment may be available from surplus equipment stores. Airlines may

be willing to contribute tickets for some activities.

An advisory board's work is valuable. Publications can be sold at a reasonable price to recoup costs and possibly generate a modest surplus to pay for reprinting, for example. Training courses and conferences can be financed by registration fees.

What the board lacks in funding can be made up for with creativity and innovation. One goal might be to leverage a variety of funding sources. One existing board strives to match every dollar of government money with private-sector money.